



About this publication

This publication provides official statistics on estimated costs of tax reliefs where these are available and lists reliefs where estimates are not available. The statistics in this release provide estimates for 2014-15 to 2019-20 and links to statistical and non-statistical information on impacts of tax reliefs published elsewhere. This publication has been extended and redesigned: see the 'What's New' section to the right.

Key Summary:

What's New?

- The coverage of the publication has been significantly expanded in order to include reliefs which HMRC classes as non-structural tax reliefs.
- The principal, minor, and unavailable tables have been combined, with reliefs split instead by categorisation (into structural and non-structural), the taxes to which they apply and cost status.
- Descriptions have been added for all tax reliefs.
- Reliefs have been assigned a code to allow easier tracking from year to year.
- The tables have been redesigned to be more user-friendly.
- 4 new costs for reliefs have been added.
- The commentary in the bulletin has been expanded with dedicated pages for some of the largest non-structural tax reliefs, including claimant count, cost, graph, note and a description.
- The annual publication date has been moved to September/October each year to incorporate more outturn revenue figures.

Non-Structural Reliefs			
Tax head	Total reliefs in publication	Costs estimated in publication	Claimants estimated in publication
Aggregates Levy	11	2	0
Air Passenger Duty	4	1	0
Capital gains tax	16	6	2
Capital Gains Tax and company gains within Corporation Tax	15	0	0
Carbon price floor	2	2	0
Climate change levy	6	5	0
Corporation tax	25	13	13
Excise Tax	10	1	1
Hydrocarbon oils duty	10	1	0
Income tax	81	31	23
Income tax and Capital Gains Tax	2	0	0
Income tax and corporation tax	39	3	2
Inheritance tax	37	11	5
Insurance Premium Tax	9	0	0
Landfill tax	3	2	1
National insurance contributions	19	11	8
Petroleum revenue tax	4	1	0
Stamp Duty	7	0	0
Stamp Duty Land Tax	9	4	4
Stamp Duty Reserve Tax	1	0	0
Stamp Duty Reserve Tax & Stamp Duty	1	0	0
Value added tax	51	17	0
Total	362	111	59

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User Engagement

We recently reviewed the structure and scope of this publication to include an expanded list of tax reliefs, categorisation, and descriptions for reliefs including associated costs where possible. We also reviewed and improved the presentation of these statistics by trialling a new format. The purpose of these changes is to improve transparency and ease of use of the relief statistics. We really welcome users' views, therefore if you have any comments on these changes please get in touch using the statistical contacts provided on the cover page.

Future Development

HMRC aims to continuously improve its understanding of the cost of tax reliefs. In order to accelerate provision of additional material on costs of reliefs HMRC have prioritised analytical resource to undertake a project to publically provide more information on the costs for reliefs where none are currently published, prioritising non-structural reliefs. This project has already started and will run in 2 stages over several years. The first stage will involve a comprehensive review of currently available data to provide indicative estimates for tax reliefs. The second stage will identify those reliefs where HMRC would need to collect or purchase additional data to estimate the costs of the reliefs.

HMRC intends to make significant progress on the coverage of costed non-structural reliefs over the project, but there may remain some un-costed reliefs due to data limitations. We will consider the appropriate form for publishing additional information subject to working through the necessary statistical protocols. HMRC intends to make strong progress publishing new cost estimates by the end of 2020 and will continue to expand coverage into 2021 and 2022. It is a priority to expand coverage in a timely manner whilst ensuring high quality. More detail can be found in the linked document below which details HMRC's response to the public accounts committee in April 2019.

<https://www.parliament.uk/documents/commons-committees/public-accounts/Correspondence/2017-19/Letter-from-Sir-Jonathan-to-Chair-in-response-to-report-on-HMRC's-Performance-in-17-18-recommendation-13-and-4-190430.pdf>

Introduction and Interpretation

This publication provides background on our publications on tax reliefs. These tables fall outside the scope of National Statistics owing to a certain amount of forecasting in the estimates, and insufficient data.

How to interpret these estimates:

- These estimates do not represent the gain to the exchequer should a relief be abolished.
- These estimates do not account for interactions between reliefs.
- Estimates should not be summed, as the use of a given relief can be highly dependent on the use of another.
- The estimates are in nominal £m. Estimates for 2019-20 are in 2019-20 prices, 2018-19 estimates are in 2018-19 prices etc.
- Estimates should not be compared publication to publication as changes to policy, modelling methodologies, data, and assumptions mean that estimates could be calculated on a different basis year to year.
- Please refer to the supplementary notes on the tables for additional explanations for specific reliefs.

It is important to note that each relief is costed separately, and in many cases the combined cost of a group of reliefs will differ significantly from the sum of the figure for individual reliefs. The figures do not allow for behavioural changes which could

result from changes to the reliefs. In practice, if a relief was withdrawn, taxpayers' behaviour would often alter so the actual yield from withdrawing a relief could be very different from, and often much smaller than, the estimate shown. For example, taxpayers may have a choice of which reliefs to claim, and if one were removed, they could claim the other. These figures should therefore be regarded as broad estimates, as the loss of revenue from a tax relief cannot be directly observed and so the estimates are often based on simplified assumptions. All costs, except where specifically referred to in the footnotes, are on an accruals basis, i.e. they represent the effects on the tax liabilities for each year, not receipts in each year. Some are on a national accounts basis which represent time-shifted cash.

Structural and non-structural tax reliefs categorisations

Many tax reliefs are a largely integral parts of the tax structure. We have classified these as 'structural reliefs'. These reliefs have various purposes including: to define the scope of the tax, calculate income or profits correctly, and make the tax progressive or to simplify. For example, a number of the larger allowances operate as thresholds to make the tax system progressive, while others exist to avoid disproportionate compliance burdens, or define the tax base by recognising the expense incurred in obtaining profits.

In contrast, the effect of other reliefs is to help or encourage particular types of individuals, activities or products in order to achieve economic or social objectives. In this publication we refer to these as 'non-structural' tax reliefs.

The split between 'structural tax reliefs' and 'non-structural tax reliefs' is not always straightforward and these categorisations remain under continuous review. Many reliefs have both structural and non-structural purposes. For example, capital allowances can provide relief for commercial depreciation as well as an element of accelerated relief. While the former can be regarded as a structural part of the tax system, the latter element is non-structural as it provides additional benefit to business. Where reliefs combine both structural and non-structural elements for the purpose of this publication these reliefs have been allocated to the category for which they have been deemed most dominant.

This publication provides four tables as follows:

1. Table 1: Estimated cost of non-structural tax reliefs.
2. Table 2: List of non-structural tax reliefs where cost estimates are unavailable.
3. Table 3: Estimated cost of structural tax reliefs.
4. Table 4: List of structural tax reliefs where cost estimates are unavailable.

Within each table the reliefs are also categorised by the taxes to which they apply, for example, Income Tax and Corporation Tax. This publication has been expanded to better align with HMRC's central management of tax reliefs. HMRC's central management focuses on the non-structural tax reliefs. In order to better align with this, this publication now includes the tax reliefs that HMRC classifies as non-structural and therefore, the number covered has increased by 3 costed and around 160 uncosted non-structural tax reliefs. Further analysis has also been provided on these non-structural reliefs which forms the focus of this publication.

Methodology and Data Quality

Estimated costs of tax reliefs:

The tables provide estimates of the revenue costs for the six years 2014-15 to 2019-20. These estimates are based on information available at 10th October 2019. The figures for 2019-20 are forecasts from previous years' actual data as this period is currently ongoing. For many reliefs, estimates of the cost rely on information on tax returns that may not be available at the time the estimates are produced. For these reliefs, the figures for 2018-19 (and in some cases earlier years) are projections based on previous years' actual data.

- Figures which are forecasts or projections based on previous years' actual data are shown in *italics*.
- Figures for earlier years (**not in italics**) are based on actual outturn data for those years.

The continuing inclusion of six years of data in subsequent annual updates of this publication will ensure that estimates based on actual data are reported for all years in due course, as forecasts or projections are replaced by those estimates.

The inclusion of data in the report going back to 2014-15 means that for the majority of reliefs there will be at least four (consecutive) years of estimates based on actual data. This enables comparisons to be made of changes in estimated actual costs of reliefs over time. Where estimates based on actual data change materially from one year to the next, commentary is provided explaining the main reasons for the changes.

The tax rates and allowances used in the estimates include the impact of decisions in the 2018 Autumn Budget. The forecasts are based on Spring Statement 2019.

Estimated costs of tax reliefs charts:

The analysis presented includes estimated costs of tax reliefs and commentary over the last six years. For the largest¹ non-structural tax reliefs the costs are shown graphically over time and as a proportion of nominal GDP. The cost of tax reliefs presented in cash terms provides a simplified picture that needs careful interpretation as, the cost will tend to rise over time in cash terms because of the impact of economic growth and inflation on the underlying economic activity to which the relief applies. To help address this in a practical way we have used nominal GDP as a proxy. Even though nominal GDP is an approximation² presenting the cost of tax reliefs as a proportion of nominal GDP still provides some helpful insight into the underlying change in the cost of reliefs driven by factors other than economic growth and inflation. The GDP data is taken from the most recent OBR forecast. See table 1.2 in the link below.

<https://obr.uk/download/march-2019-economic-and-fiscal-outlook-supplementary-economy-tables/>

Uncosted reliefs:

There are a number of reliefs in the publication for which no cost is currently available. In the majority of cases this is due to a lack of data available on which to base any reasonable estimate. In some cases, the costs of reliefs cannot be reliably estimated because there is insufficient available information and the cost of collecting the necessary data or the burden imposed on taxpayers would be disproportionate. This may be in the following circumstances:

¹ Where the nominal cost of tax relief exceeds £500m in 2019-20.

² Nominal GDP only approximately and indirectly captures the change in the underlying economic activity being relieved by assuming that some of the change in the economic activity is in line with wider economic growth and economy-wide inflation; it also does not account for any structural changes to the tax system affecting the tax to which the relief applies.

- For many reliefs, HMRC does not require information on the use of the relief to be submitted on tax returns as this is not needed for establishing the liability to tax. This may be because the relief is an exemption rather than a deduction from income or profits. In such cases, HMRC uses suitable external information sources, if available, to estimate usage of the relief and thereby its cost. However, if no administrative or external data source exists, then in general HMRC avoids increasing taxpayers' administrative burdens by requiring information to be submitted solely for statistical purposes unless the benefit of this would be expected to outweigh the cost.
- In some other cases, although information is collected on the value of the relief claimed, this information is not sufficient to enable the cost to be estimated because of inherent modelling uncertainties. For example, HMRC can quantify the value of Share Loss Relief claimed from tax returns, but cannot reliably estimate its cost, because (i) alternative reliefs could sometimes be used instead against the same income, and (ii) the losses could sometimes be offset against gains if no longer relievable against income. As HMRC does not know whether particular taxpayers would be able to use an alternative relief, it is not possible to determine their tax liability in the absence of Share Loss Relief.

The tax reliefs for which no estimate of cost is available are analysed by area of the tax system for reference. The table also provides a categorisation indicating the reason why the cost information is not available, the categories being as follows:

- A. Information on the usage of this relief is not required in tax returns and cannot be reliably estimated from other data sources, and the cost of collection for statistical purposes is disproportionate.
- B. Information on the usage of this relief is reported to HMRC, but the relevant data is not held in a centralised form, and the cost of gathering for statistical purposes is disproportionate.
- C. Information on the usage of this relief is available, but the cost is not quantifiable as it is dependent on other unknown factors.
- D. Introduction of the relief is too recent for any data to be available.
- E. Exemption under the Freedom of Information Act, such as Data Protection.
- F. Other (reason stated in each case).
- N. New to the publication, reason code to be allocated in next publication.

Quality Assurance

We are committed to continuously improving the official statistics we publish. A panel, led by senior analysts, was set up in early 2018 to review the methodology of reliefs on a rolling basis. Our quality assurance processes were reviewed in September 2018 and we have in place checks to minimise the risk of error and the use of a quality assurance review process. These measures will enhance the level of assurance and provide a clear audit trail.

Further to this, each section is scrutinised by analytical staff working on each of the areas. The publication is also peer reviewed by different team members and overseen by senior analysts including the team's senior statistician.

Commentary on changes in the published figures

The following section includes commentary on any large changes in the figures since the previous publication. For our purposes large changes are defined as those greater than £500 million or 25 per cent. The table below shows changes in the non-structural table which is mainly due to:

- New outturn data received into the department from tax returns. For some taxes there can be a substantial delay in return data being received due to the nature of that particular regime.
- Improvements to methodology behind collecting information or forecasting the estimates.
- Including the latest OBR economic forecasts in HMRC forecast models.

Tax head:	Relief:	Reason for change:
Income tax	Personal allowance	Updated for the latest data.
Income tax	Registered pension schemes	Updated methodology. Please see latest National Statistics publication for more detail.
National insurance contributions	Secondary Threshold	Updated for the latest data.
National insurance contributions	Primary Threshold	Updated for the latest data.
Capital gains tax	Exemption of gains arising on disposal of only or main residence	Updated for the latest data and OBR determinants.
National insurance contributions	Employer contributions to registered pension schemes	Updated methodology. Please see latest National Statistics publication for more detail.
Income tax and corporation tax	Capital allowances (includes Annual Investment Allowance, Ring-fence oil and gas trade, first-year capital allowances for plant and machinery)	Updated for the latest data.
Value added tax	Construction and sale of new dwellings (includes refunds to DIY builders)	Updated assumptions.
Inheritance tax	Nil rate band for chargeable transfers not exceeding the threshold for estates left on death	Updated for the latest data. Please see latest National Statistics publication for more detail.
Value added tax	Finance and insurance	The forecast published previously assumed a rate of growth below some of the outturn data and there has been revisions to the estimates of partial recovery of input tax.
Value added tax	Rent on domestic dwellings	An improvement in methodology and updated data.
Value added tax	Central Government, Health Authorities and NHS Trusts of VAT incurred on contracted-out services under the Section 41(3) refund scheme	The forecast published previously for 2018/19 assumed a rate of growth below the outturn data.
Corporation tax	Double Taxation Relief CT	Updated for the latest data.
Value added tax	Health Services	The forecast published previously for 2018/19 assumed a rate of growth below the outturn data.
Income tax and corporation tax	Annual Investment Allowance	Updated for the latest data. At Autumn Budget 2018 a temporary increase to the AIA threshold of £1 million was announced from January 2019 for 2 years. Costs are expected to rise over that period and the 2018-19 costs have been adjusted for this.
Corporation tax	R&D tax relief: SME scheme	Updated for the latest data.
Corporation tax	R&D tax relief: Large company & RDEC schemes	Updated for the latest data.
Inheritance tax	Exemption of transfers on death to surviving spouses	Updated for the latest data. Please see latest National Statistics publication for more detail.
Income tax and corporation tax	Ring-fence oil and gas trade, first-year capital allowances for plant and machinery	Updated for the latest data.
Inheritance tax	£1m couples allowance through main residence nil-rate band by 2021	Updated for the latest data.
Income tax	Personal savings allowance	Updated for the latest data.
Income tax	First £30,000 of payments on termination of employment	Updated for the latest data.
Inheritance tax	Business reliefs including unlisted shares	Updated for the latest data. Please see latest National Statistics publication for more detail.
Inheritance tax	Exemption of transfers to charities on death	Updated for the latest data. Please see latest National Statistics publication for more detail.
Income tax	Interest on National Savings Certificates including index-linked certificates	Updated methodology.
Income tax	Premium Bond prizes	Updated methodology.
Corporation tax	High-end TV Relief	Updated for the latest data.
Stamp duty land tax	Alternative Property Finance	Updated for the latest data.

Inheritance tax	Conditional exemption for Heritage Property	Updated for the latest data. Please see latest National Statistics publication for more detail.
Corporation tax	Video Games Relief	Updated for the latest data.
Corporation tax	Museums and Galleries Exhibition Tax Relief	New to the publication.
Corporation tax	Orchestra Tax Relief	New to the publication.
Landfill Tax	Landfill Communities Fund	New to the publication.
Aggregates levy	Coal, Lignite and Slate	New to the publication.
Petroleum revenue tax	Cross field allowance	Deleted - No longer active in period covered.
Climate change levy	Lower rate for supplies of gas to Northern Ireland.	Deleted - No longer active in period covered.
Income Tax and Corporation Tax	Income of Trustee Savings Banks from investments with the National Debt Commissioners	Deleted - No longer active in period covered.

Detailed Analysis for Largest Non-Structural Tax Reliefs

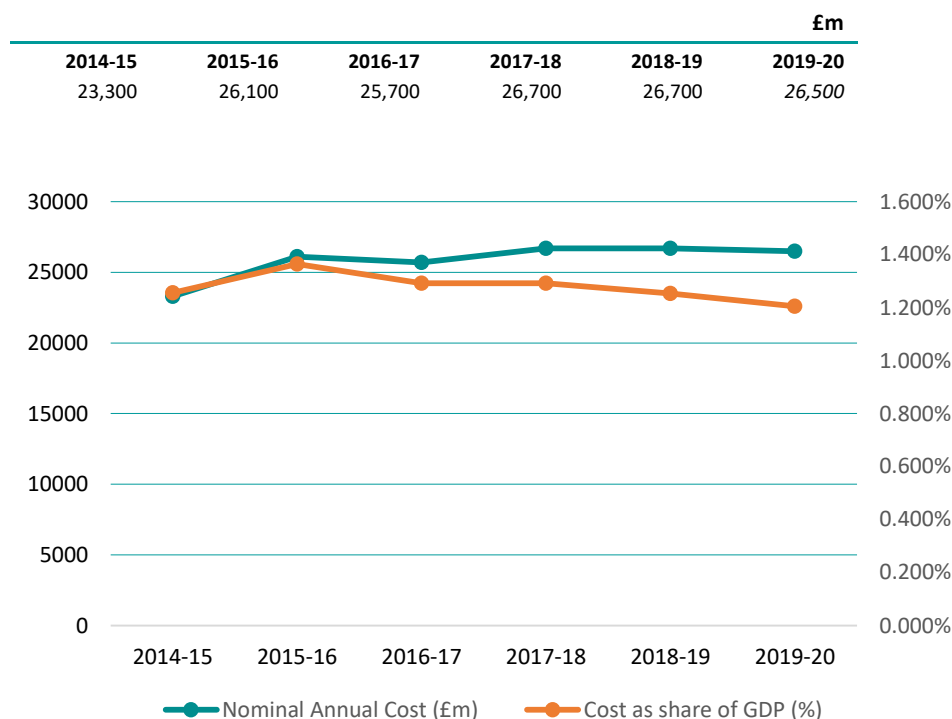
Capital gains tax

Exemption of gains arising on disposal of only or main residence

Description:

Gains on the disposal of a residence is exempt from CGT to the extent it has been used as the person's only or main residence.

Costing (Nominal £m):



Notes:

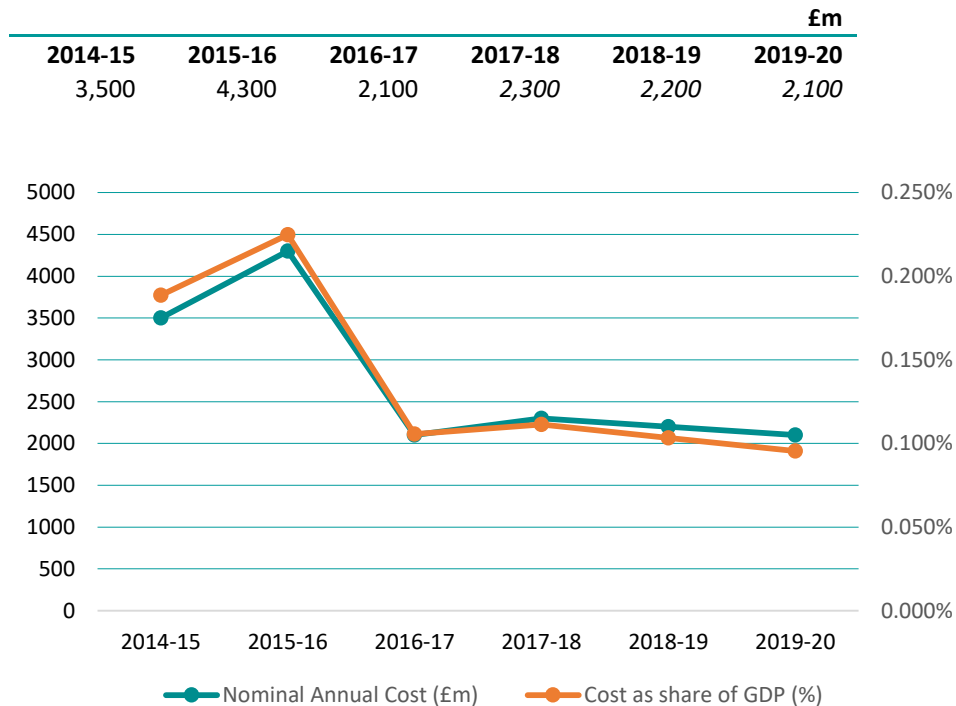
The estimated cost of this exemption from capital gains tax does not represent the yield if this exemption were to be abolished, as consequential behavioural effects would substantially reduce yield. Figures for 2018-19 and 2019-20 is a projection. The increase in nominal costs over time is due to growth in house prices and transaction volumes.

Relief for entrepreneurs' qualifying business disposals

Description:

Certain disposals chargeable to CGT by individuals and qualifying trustees of all or part business are charged at 10% (up to lifetime limit of £10 million of gains).

Costing (Nominal £m):



Notes:

The previous published estimates have been based on figures for individuals claiming Entrepreneur's Relief. In this publication, trusts are now included. The back series has been updated to include trusts leading to a small revision to the rounded numbers. The estimated cost of this exemption does not represent the yield if this exemption were to be abolished, as consequential behavioural effects would substantially reduce yield. Entrepreneurs' Relief is available to individuals and partners and certain trustees. The cost of the relief is calculated by applying the difference between the standard rates of Capital Gains Tax and the reduced Entrepreneurs' Relief rate (10%) to the relevant gains. The increase in the cost in the relevant years directly reflects increases in the value of gains realised, or projected to be realised, on which tax is liable at the Entrepreneurs' Relief rate. This in turn is largely the result of equity price movements. The fall in 2016-17 reflects falls in CGT rates for disposals not qualifying for Entrepreneurs' Relief, applying to disposals other than on residential property.

Claimants (2017-18):

43,000

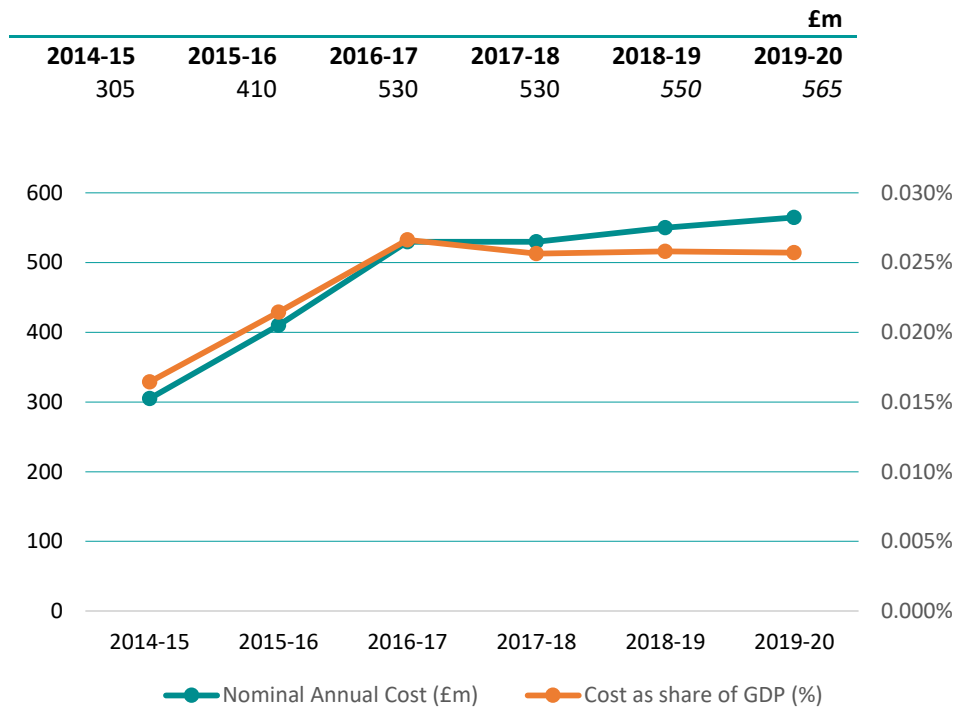
Corporation tax

Film Tax Relief

Description:

Film production companies can claim additional corporation tax relief for film production expenditure in the UK. Companies not making a profit may be able to surrender the relief and receive tax credit.

Costing (Nominal £m):



Notes:

The figures include the negative tax and payable element of the relief. Negative tax is the part of the tax relief due to the enhanced expenditure (i.e. amounts in excess of 100 per cent of the expenditure) which offsets liability to corporation tax. Directly payable tax credits are treated as public expenditure. Estimated costs for 2017-18 include an uplift factor to account for claims not yet received by HMRC. For Film Tax Relief, the larger year-on-year increases in 2014-15 to 2016-17 reflect increases in the relief rate and growth in qualifying expenditure.

Claimants (2017-18):

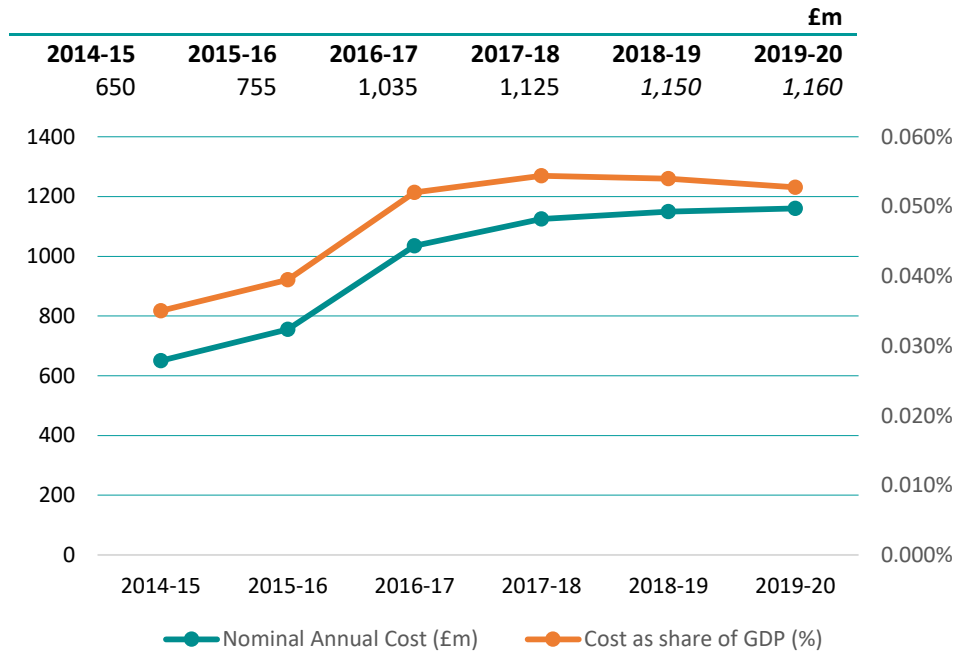
660

Patent Box

Description:

A reduced corporation tax rate for profits from patents etc.

Costing (Nominal £m):



Notes:

The Patent Box enables companies to apply a lower 10% rate of Corporation Tax to profits earned after 1 April 2013 from their patented inventions. The full benefit of the regime is being phased in over 4 years from 1 April 2013, which explains why the cost increases over time. Companies have up to two years after the end of the accounting period to which they wish the regime to apply to make an election into the Patent Box. This means that costs for 2017-18 are based on partial outturn and costs for subsequent years are projections.

Claimants (2016-17):

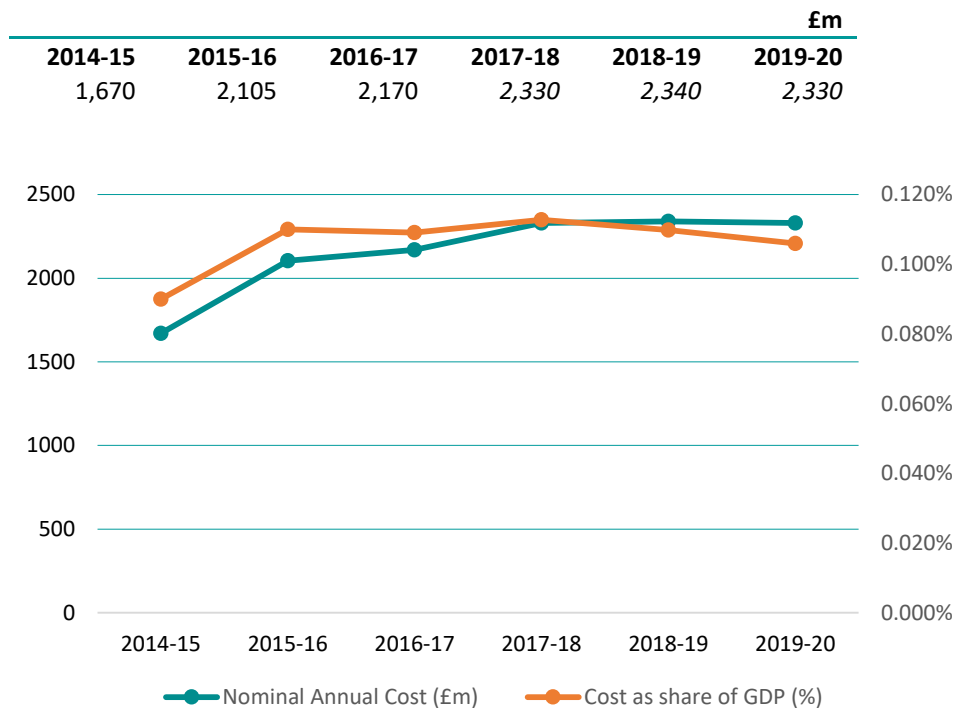
1,170

R&D tax relief: Large company & RDEC schemes

Description:

The Research and Development Expenditure Credit scheme is aimed at large businesses and offers a tax credit paid “above the line”, this means it has greater visibility in a company’s accounts and is available to loss makers.

Costing (Nominal £m):



Notes:

The 2016-17 estimates for the R&D SME and RDEC tax relief schemes are based on partial outturn data with an uplift factor to account for returns not yet received by HMRC. The fall in the forecast estimate for the SME scheme in 2018-19 and 2019-20 reflects a fall in the OBR business investment determinant. The estimated cost for the RDEC scheme continues to rise in 2018-19 because of the RDEC rate increase from 11% to 12%, but then falls in 2019-20 because of the fall in the OBR determinant. The figures include the negative tax and payable tax credit elements of R&D tax relief. Negative tax is the part of the tax relief due to the enhanced expenditure (i.e. amounts in excess of 100 per cent of the expenditure) which offsets liability to corporation tax. Directly payable tax credits are treated as public expenditure. The figures for large companies include the Research & Development Expenditure Credit (RDEC), also known as ‘Above the Line’ Credit, introduced in April 2013. The Large company scheme continued to run alongside RDEC until April 2016. RDEC is now the only R&D tax relief scheme for large companies. The rising costs of both the SME and RDEC schemes are due to growth in qualifying R&D expenditure, as well as increases in the R&D relief rates.

Claimants (2017-18):

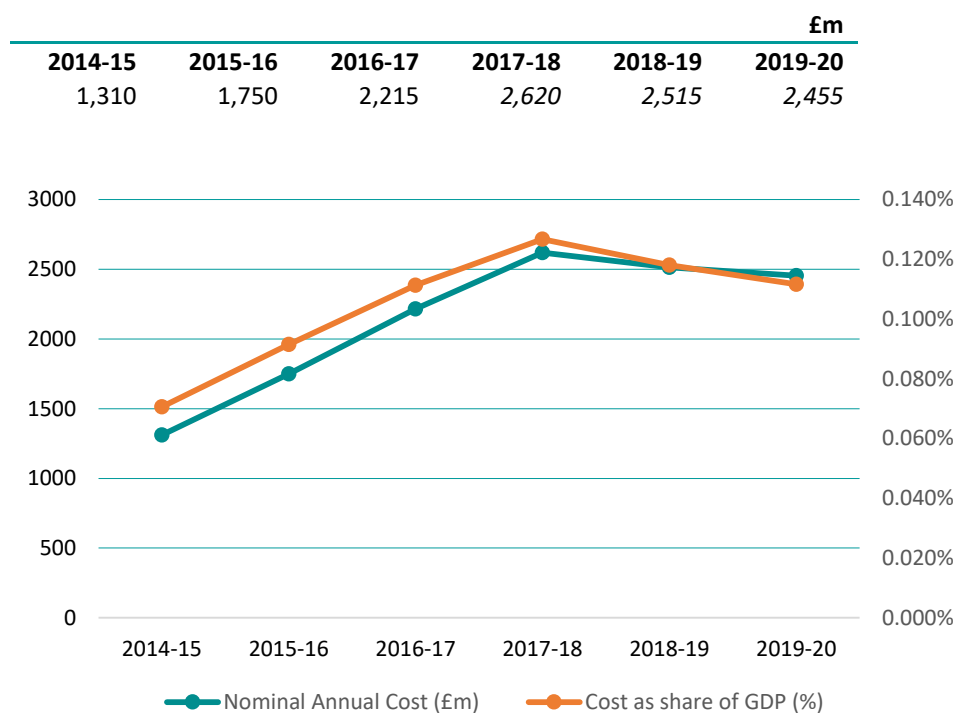
6,600

R&D tax relief: SME scheme

Description:

The SME scheme is a corporation tax super-deduction. Loss-makers without corporation tax liability can surrender all or part of their losses for a payable credit. The SME scheme is a notified state aid.

Costing (Nominal £m):



Notes:

The 2016-17 estimates for the R&D SME and RDEC tax relief schemes are based on partial outturn data with an uplift factor to account for returns not yet received by HMRC. The fall in the forecast estimate for the SME scheme in 2018-19 and 2019-20 reflects a fall in the OBR business investment determinant. The estimated cost for the RDEC scheme continues to rise in 2018-19 because of the RDEC rate increase from 11% to 12%, but then falls in 2019-20 because of the fall in the OBR determinant. The figures include the negative tax and payable tax credit elements of R&D tax relief. Negative tax is the part of the tax relief due to the enhanced expenditure (i.e. amounts in excess of 100 per cent of the expenditure) which offsets liability to corporation tax. Directly payable tax credits are treated as public expenditure. The figures for large companies include the Research & Development Expenditure Credit (RDEC), also known as 'Above the Line' Credit, introduced in April 2013. The Large company scheme continued to run alongside RDEC until April 2016. RDEC is now the only R&D tax relief scheme for large companies. The rising costs of both the SME and RDEC schemes are due to growth in qualifying R&D expenditure, as well as increases in the R&D relief rates.

Claimants (2017-18):

42,000

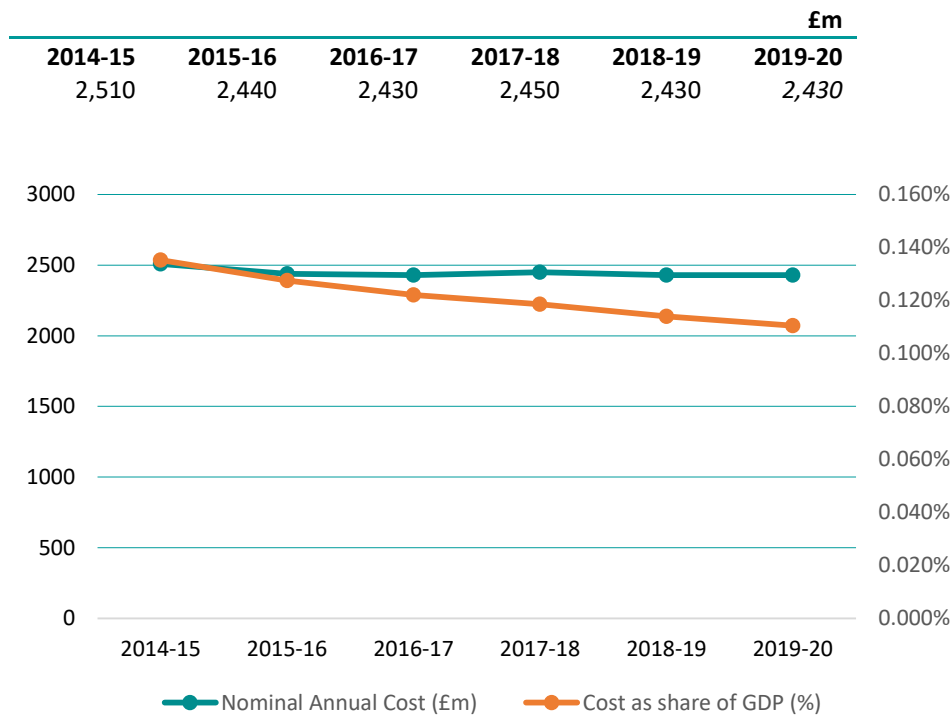
Hydrocarbon oils duty

Rebated rate for gas oil ("red diesel")

Description:

Use of gas oil as motor fuel other than in road vehicles is included in the scope of the partial rebate that also applies to heating use. A partial rebate applies to kerosene used as motor fuel other than in a road vehicle. Includes use in off-road vehicles, rail, inland waterways, transport refrigeration units, generating sets etc.

Costing (Nominal £m):



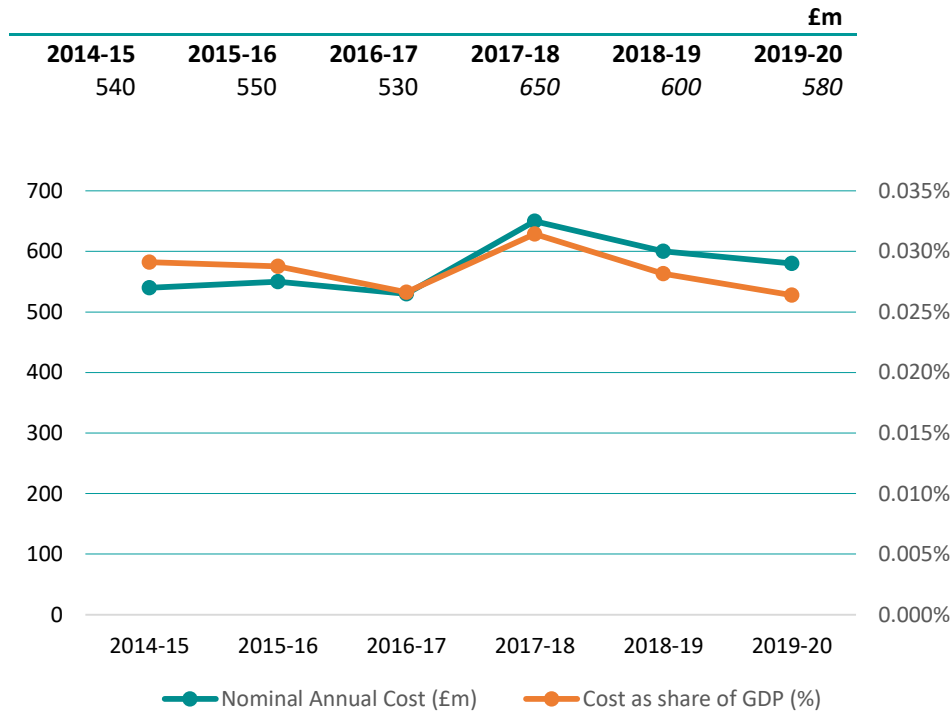
Income tax

Enterprise Investment Scheme

Description:

The Enterprise Investment Scheme incentivises investment into small qualifying companies by granting income and capital gains tax reliefs to individual qualifying investors.

Costing (Nominal £m):



Notes:

These figures only includes the income tax cost: Capital Gains Tax is shown separately later in the spreadsheet for EIS and for SEIS and VCTs. The estimates from 2017-18 onwards are a forecast. Larger year-on-year increases are expected for EIS and VCT in 2017-18 because of the higher values of the OBR equity price determinant in those years. The forecast drop in 2018-19 for EIS and VCT reflects new measures restricting the use of investment within the schemes.

Claimants (2017/18):

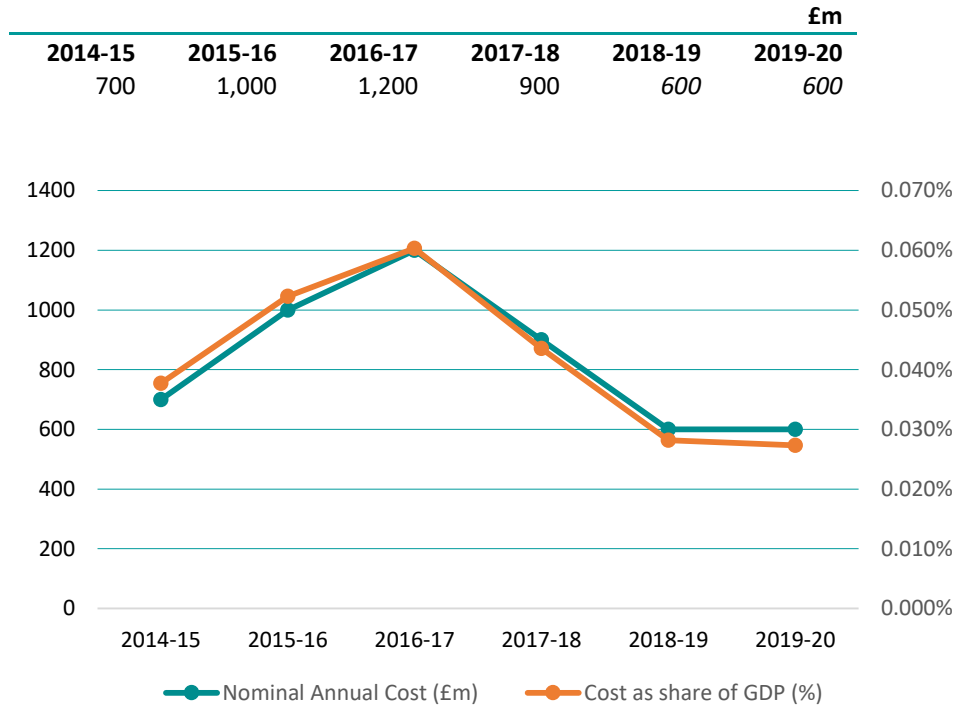
35,000

First £30,000 of payments on termination of employment

Description:

If the payments and benefits on termination of employment are below £30,000 it will not be taxed as employment income.

Costing (Nominal £m):



Claimants (2019-20):

200,000

Notes:

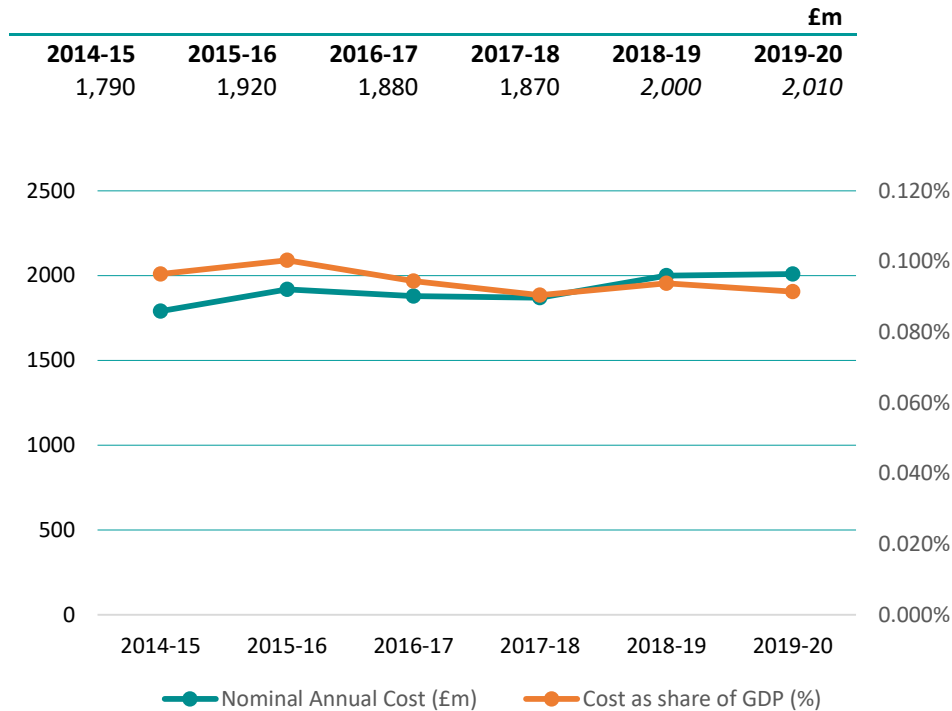
The fluctuations in the cost of this relief are driven by volatility in the number of eligible redundancy payments and the average level of those payments. Decreases in the relief from 2018-19 onwards are expected to be partly due to a policy change in April 2018 which tightened the scope of the exemption. Further details on the 2018 policy change are set out in a Tax Information and Impact Note available here: <https://www.gov.uk/government/publications/income-tax-and-national-insurance-contributions-treatment-of-termination-payments/income-tax-and-national-insurance-contributions-treatment-of-termination-payments>

Income of charities

Description:

Exempts various sources of income - including individual and company Gift Aid donations, charitable trading profits, interest etc. provided that it is applied for charitable purposes only.

Costing (Nominal £m):



Notes:

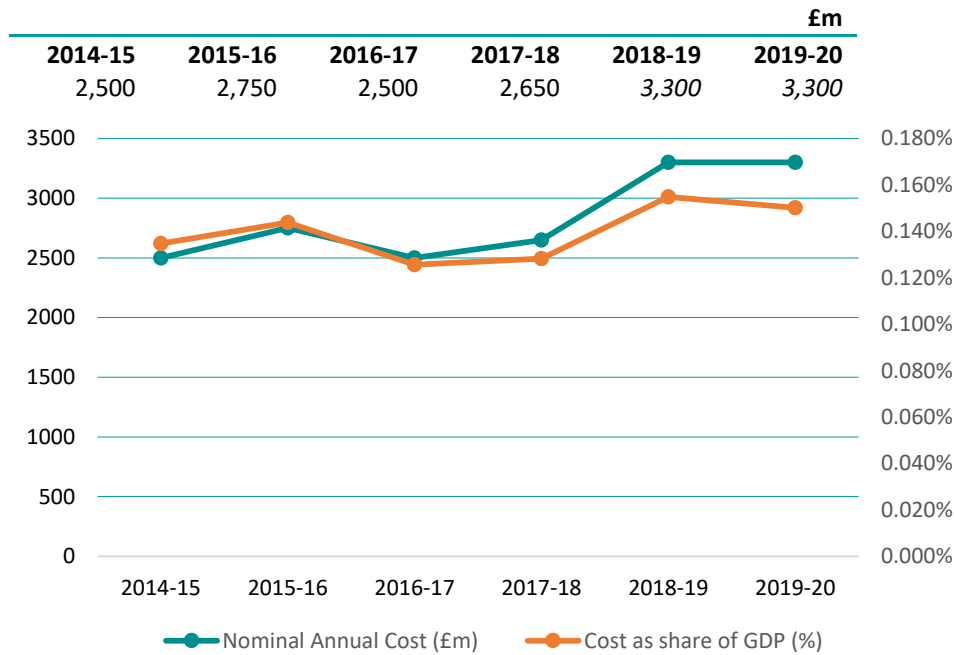
These figures comprise the total sum paid to charities and other qualifying bodies in respect of income tax deducted at source from eligible investment income and basic rate tax relief on donations under the Gift Aid scheme. Information is not available about income received by these bodies without deduction of tax, and no allowance is made for this. The figures also include an estimate of income tax relief, which is received by donors. In terms of the columns of the Charities National Statistics publication (Table 2), these figures correspond to Tax Repayments plus Payroll Giving plus Gifts of shares and property plus higher rate relief.

Individual Savings Accounts

Description:

Individuals do not pay tax on any income (i.e. dividends, interest and bonuses) they receive from their ISA savings and investments. Individuals do not pay tax on capital gains arising on their ISA investments. Providers do not pay tax on income or capital gains on investments used to back ISA policies. From 2017, not just a relief, but also a government bonus.

Costing (Nominal £m):



Notes:

In July 2014, the Adult ISA limit was increased to £15,000. The restriction that at most half of that limit can be saved in cash was also removed. The limit was increased to £15,240 for the 2015-16 tax year and remained at this limit for 2016-17. The limit for 2017-18 and 2018-19 is £20,000. The increase in the cost of ISAs prior to this is driven by improved returns to stocks and shares, and increased overall accumulated wealth in ISAs. Figures show the effects of taxing the interest and dividend income generated from assets held in these accounts. Estimates do not make any allowance for the personal savings or personal dividend allowance. HMRC's published ISA statistics give further information on subscriptions and market values, broken down by age, gender, region and income: <https://www.gov.uk/government/collections/individual-savings-accounts-isa-statistics>

Claimants (2016-17):

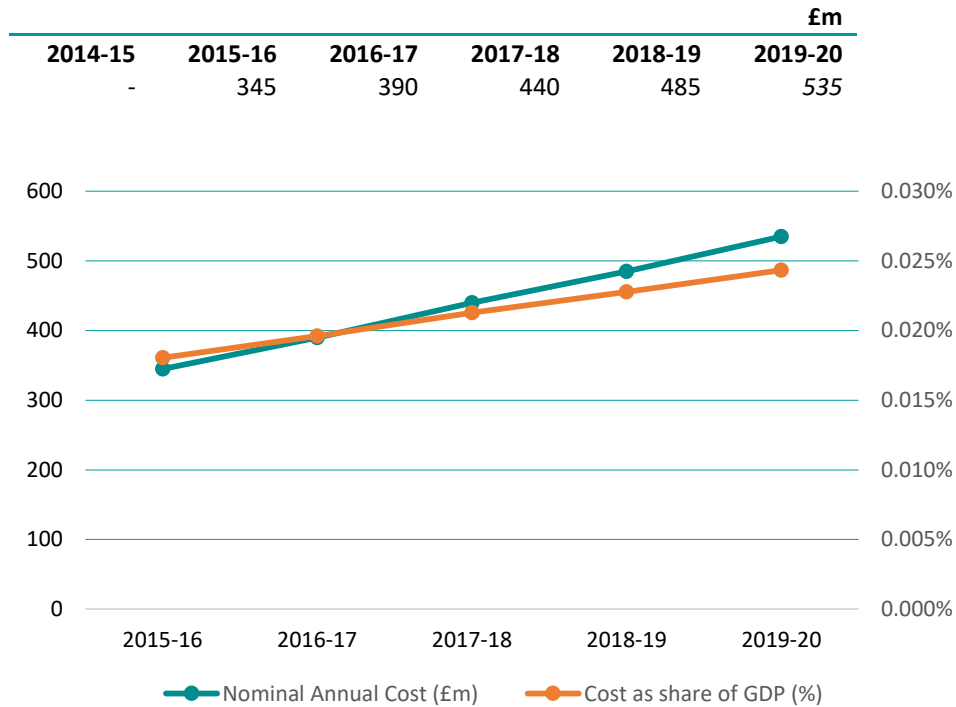
21,197,000

Marriage Allowance

Description:

Gives a tax reduction to a person whose spouse or civil partner has elected for a reduced personal allowance

Costing (Nominal £m):



Notes:

The Marriage Allowance was available from 2015-16. It allowed the transfer of 10% of the tax free personal allowance between couples who are married or in civil partnerships, were born after 6th April 1935 and one partner had an annual income at or below the tax free personal allowance for the tax year, (plus from 2016-17, up to £5,000 of tax-free savings interest) and the other partner's annual income was between the tax free personal allowance and the higher rate threshold for the tax year. The estimated tax expenditure figures reflect the anticipated full take up of the allowance when all backdated claims have been made, in future tax years (up to 4 years later). Estimates of the number of claimants are for the latest tax year available and reflect only successful claimants up to that point in time and not the anticipated full take up when all backdated claims have been made in future tax years (up to 4 years later). Please note therefore that cost estimates cannot be divided by claimant numbers to estimate the average cost of this relief. The estimated number of claimants reflects a count of only the receivers of the Marriage Allowance rather than both individuals within each couple.

Claimants (2018-19):

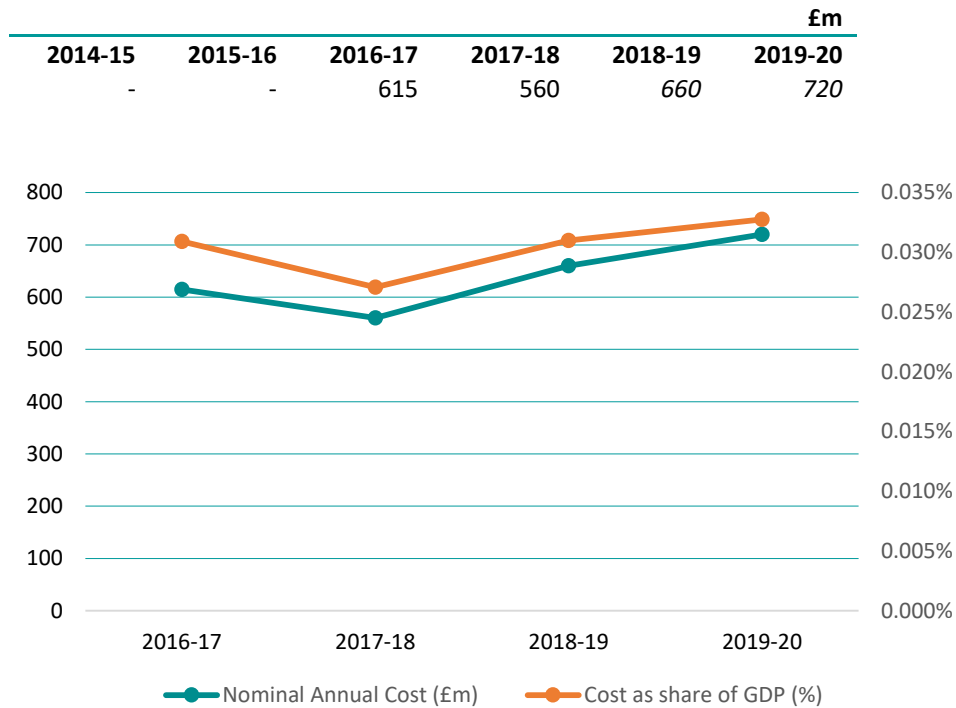
1,780,000

Personal savings allowance

Description:

0% tax rate on taxable savings income. Most get PSA of £1000, HR taxpayers get £500 PSA and PSA is not available to AR taxpayers.

Costing (Nominal £m):



Notes:

The Personal Savings allowance was introduced in 2016-17, giving a tax-free allowance on total savings income below the threshold of £1,000. The tax-free allowance is dependent on the top marginal tax rate on an individual's total income, with the threshold being halved for higher rate taxpayers and set to £0 for additional rate taxpayers. Figures show the effects of taxing the interest incomes generated from assets not covered by ISA or any structural exemptions.

Claimants (2019-20):

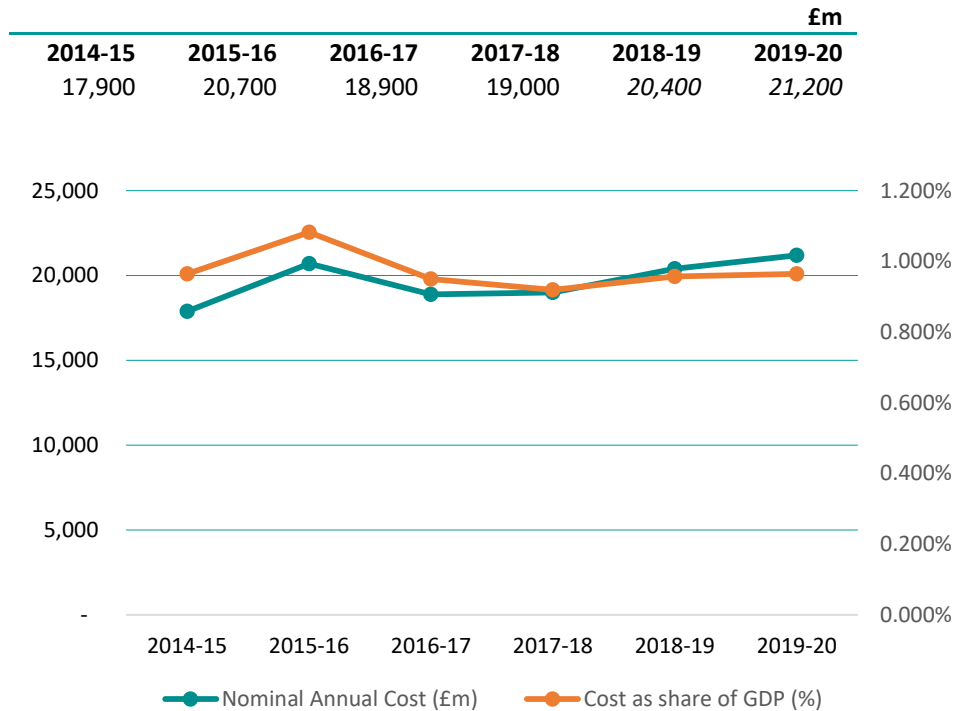
18,400,000

Registered pension schemes

Description:

Covers net relief including relief on contributions, relief on investment returns, and tax paid in retirement (net of 25% lump sum).

Costing (Nominal £m):



Notes:

The cost of the tax relief is calculated as if occupational and personal pension schemes were unregistered and the relevant tax privileges lost both in respect of employer and employee contributions. Employer contributions are treated as otherwise forming part of employee remuneration, and taxed as such. The figure provided is the sum of relief on contributions paid plus the relief on investment income of funds net of tax paid on current pension payments. Estimates of the cost of pension tax relief are derived directly from HMRC published statistics on the cost of pension tax relief and NICs relief:

<https://www.gov.uk/government/statistics/registered-pension-schemes-cost-of-tax-relief>

The statistics methodology underpinning this table was reviewed and improved in April 2019, to make use of more precise tax estimates for pension contributions derived from the Annual Survey of Hours and Earnings. It also makes use of administrative data on pension payments reported to HMRC through PAYE to estimate tax paid on pensions in retirement, where previously survey based estimates were used.

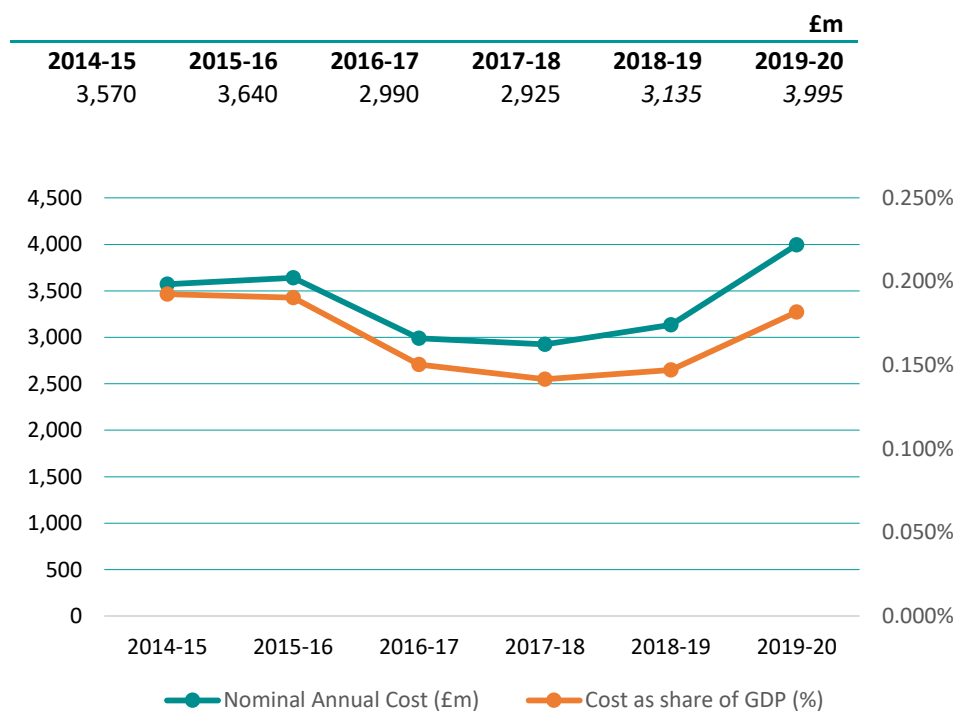
Income tax and corporation tax

Annual Investment Allowance

Description:

Annual Investment Allowance provides 100% income tax/corporation tax relief on qualifying capital expenditure up to a specified limit per annum. The annual limit has changed over time, see notes below for further detail.

Costing (Nominal £m):



Notes:

The Annual Investment Allowance enables 100% deductions to be made for qualifying expenditure in the year in which it is made up to a maximum level. The Annual Investment Allowance threshold was increased in 2014-15 to £500,000 (from £250,000 for 2013-14), resulting in increased costs in that year. The AIA was permanently set at £200,000 from 1st January 2016, so costs are expected to remain fairly stable between 2016-17 and 2018-19. At Autumn Budget 2018 a temporary increase to the AIA threshold of £1 million was announced from January 2019 for 2 years. Costs are expected to rise over that period and the 2018-19 costs have been adjusted for this.

Claimants (2018-19):

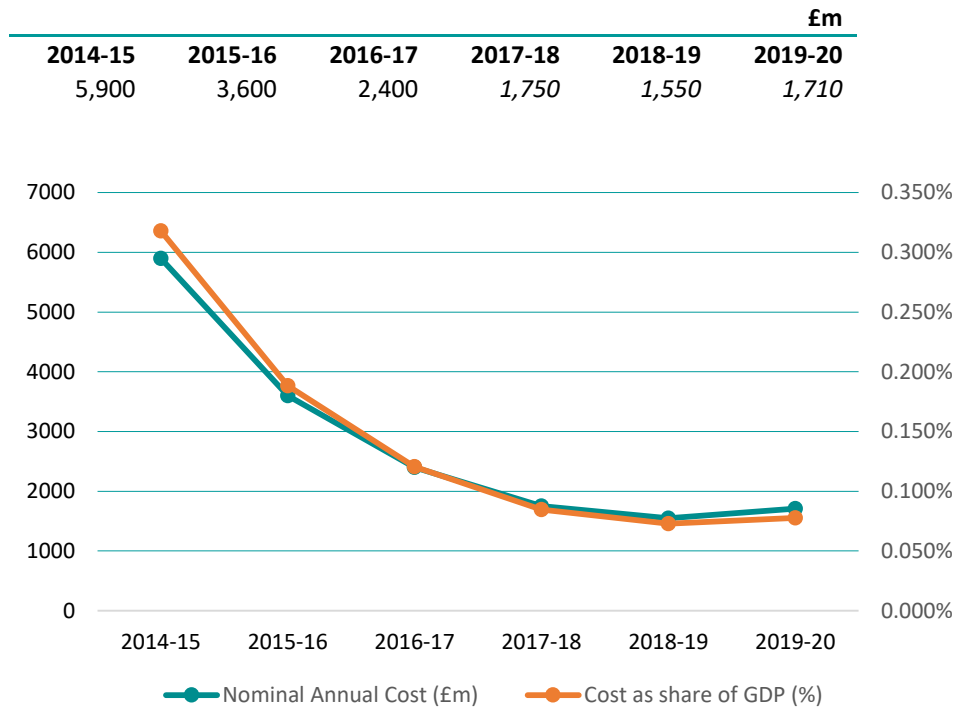
1,225,000

Ring-fence oil and gas trade, first-year capital allowances for plant and machinery

Description:

Accelerated rate (100%) of capital allowance for expenditure by a company on plant or machinery for use wholly in a ring-fence trade.

Costing (Nominal £m):



Notes:

The reduction in oil and gas capital allowances from 2014-15 to 2018-19 is due to a fall in qualifying spend (which fell from £17 billion to £9 billion) and a reduction in the value of relief (from 62% to 40%)

Claimants (2016-17):

150

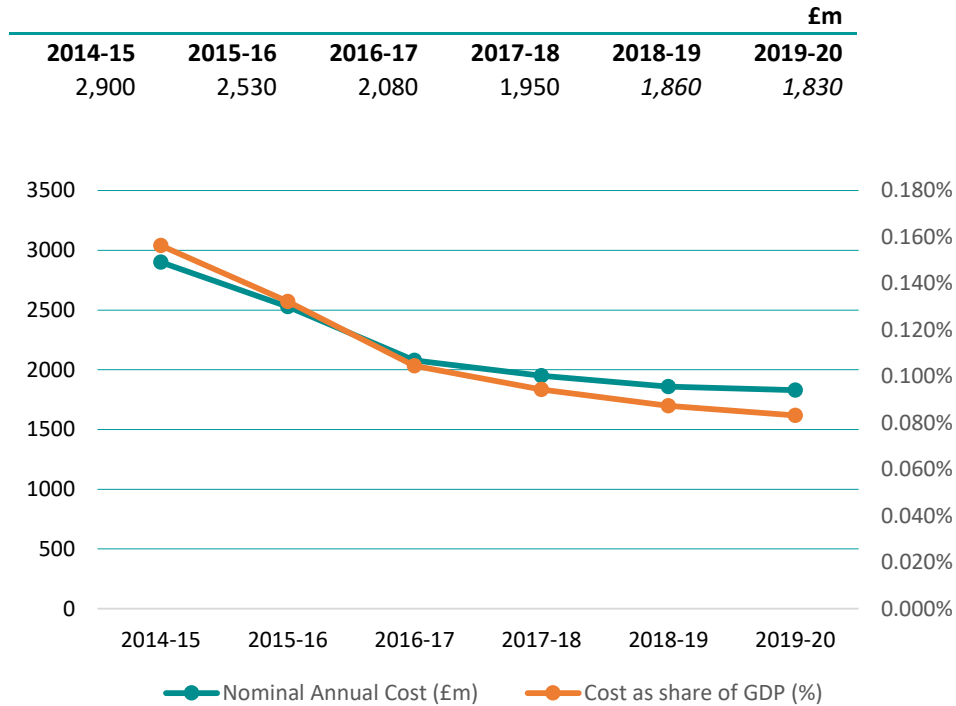
Inheritance tax

Exemption of transfers on death to surviving spouses

Description:

Transfers of any asset to a spouse/civil partner are exempt from IHT (a cap applies for gifts to a non-domicile).

Costing (Nominal £m):



Notes:

This table covers estates where details of the estates are notified to HMRC using Inheritance Tax returns. Inheritance tax returns often do not need to be completed for estates where a person's assets are all left to their surviving spouse or civil partner. The cost of tax relief benefiting from the exemption for transfers to surviving spouses or civil partners are therefore substantially higher than shown in this table because these costs are only in respect of transfers for which an account is submitted to HMRC. The estimates for 2015-16 and later years have been revised and are now on a static liabilities basis. Previously estimates were converted to receipts, this means that estimates for and after 2015-16 are not directly comparable to estimates prior to 2015-16.

Claimants (2016-17):

18,600

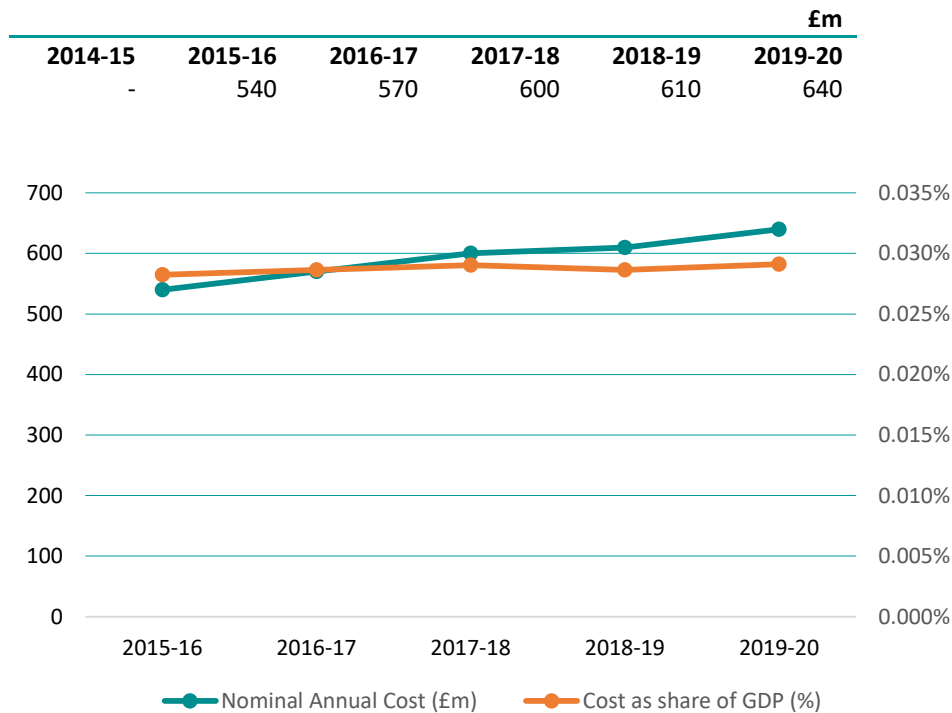
National insurance contributions

Abolition of employer National Insurance Contributions for under 21s

Description:

A zero rate of Class 1 secondary (Employer) NICs for employees under 21 on their earnings up to the upper secondary threshold.

Costing (Nominal £m):



Notes:

The under 21 employer NICs relief was introduced in 2015-16 and covered all employees between the ages of 16 to 21. From 2016-17 it only covers non-apprentice employees between the ages of 16 to 21. The under 21 NICs relief is applied based on the age of the employee and their wages between the Secondary Threshold and Upper Secondary Threshold. Costs are therefore affected by changes to the number of employees under the age of 21, and changes to their wages between the thresholds. Take-up will also have an impact on the costs, and so the lower costs in the first year are likely to be due to lower take-up whilst employers familiarised themselves with the policy

Claimants (2018-19):

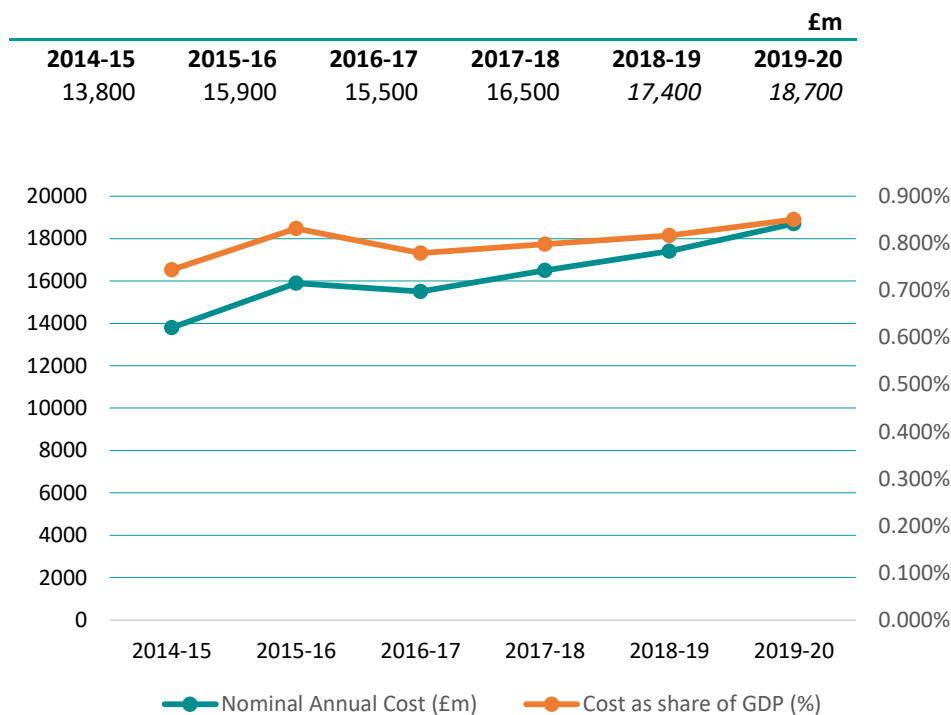
290,000

Employer contributions to registered pension schemes

Description:

A payment by way of an employer's payment to a registered pension scheme to which s308(1) applies is disregarded. Also disregarded is any benefit pursuant to a registered pension scheme to which (i) s204(1) of, and Schedule 31 to, the Finance Act 2004 applies; and (ii) s208 or 209 of that Act applies.

Costing (Nominal £m):



Notes:

This is a combination of National Insurance relief for employers on the pension contributions they make as well as the saving for individuals from the employers contributions not being treated as part of their gross income and subject to employee National Insurance contributions (in accordance with how individuals' own pension contributions are treated). Estimates of the cost of pension tax relief are derived directly from HMRC published statistics on the cost of pension tax relief and NICs relief: <https://www.gov.uk/government/statistics/registered-pension-schemes-cost-of-tax-relief>

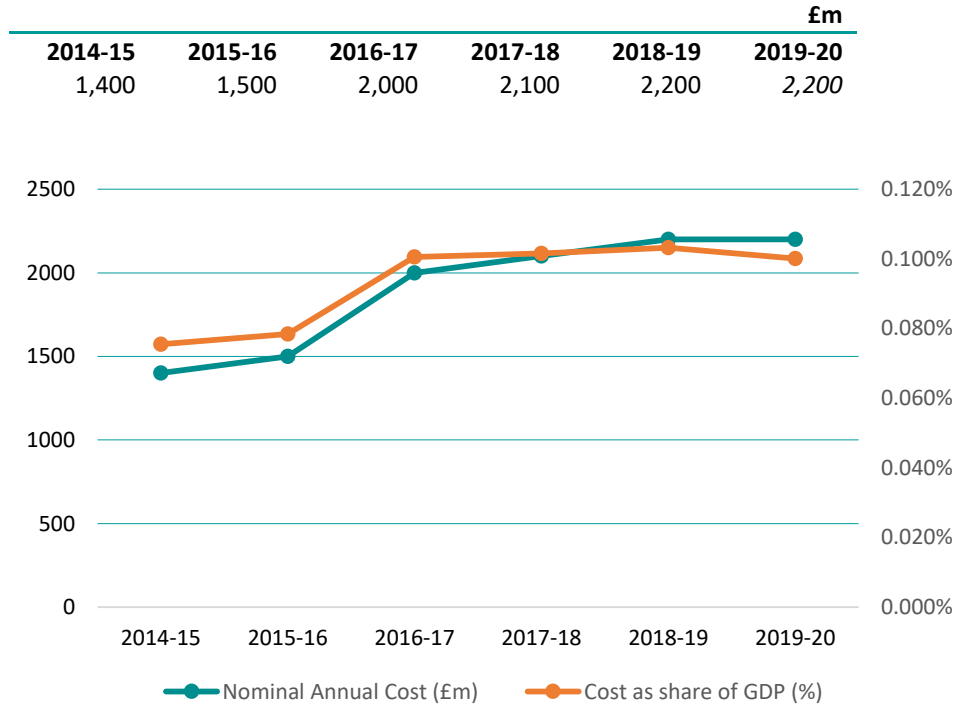
The statistics methodology underpinning this table was reviewed and improved in April 2019, to make use of more precise tax estimates for pension contributions derived from the Annual Survey of Hours and Earnings. It also makes use of administrative data on pension payments reported to HMRC through PAYE to estimate tax paid on pensions in retirement, where previously survey based estimates were used.

Employment Allowance

Description:

Reduces Class 1 secondary (Employer) National Insurance Contributions liabilities by up to £3,000 per year.

Costing (Nominal £m):



Notes:

The Employment Allowance was introduced at a value of £2,000 in 2014-15 and increased to £3,000 in 2016-17 increasing the overall cost of the allowance from 2016-17.

Claimants (2018-19):

1,175,000

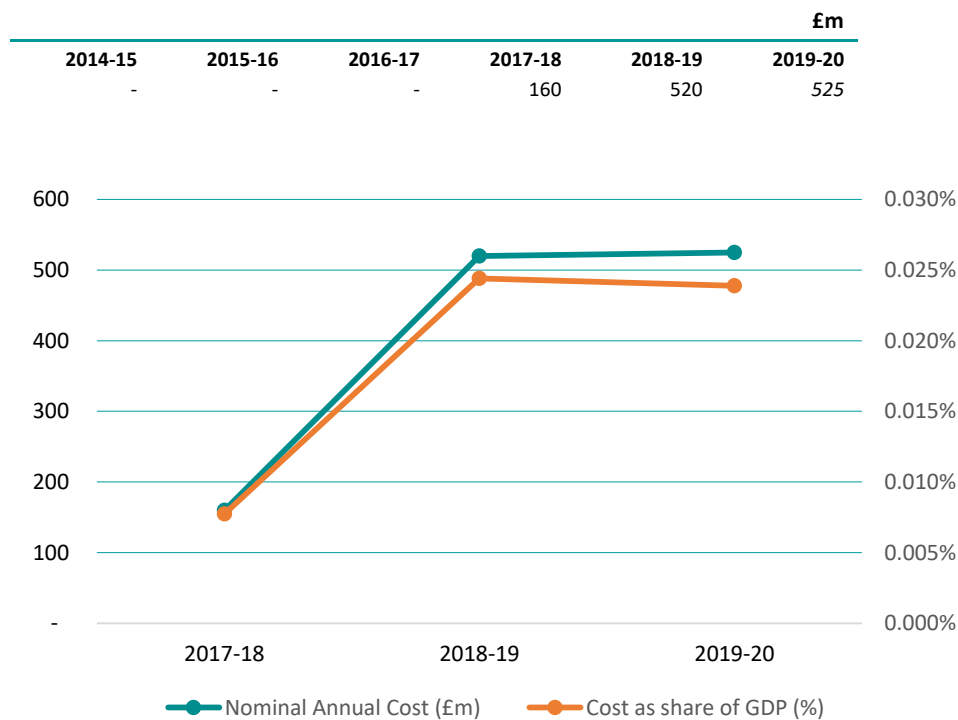
Stamp duty land tax

First Time Buyers (as per 23/11/2017)

Description:

Exempts transactions from charge under Schedule 6ZA Finance Act 2003 where chargeable consideration is £300,000 or less and the purchaser is a first time buyer. Provides relief where the consideration is between £300,001 and £500,000.

Costing (Nominal £m):



Notes:

First-time buyers' relief was announced and implemented at Autumn Budget 2017. The figure for 2017-18 represents the estimated cost to HMRC for the remainder of the year.

Claimants (2018-19):

218,900

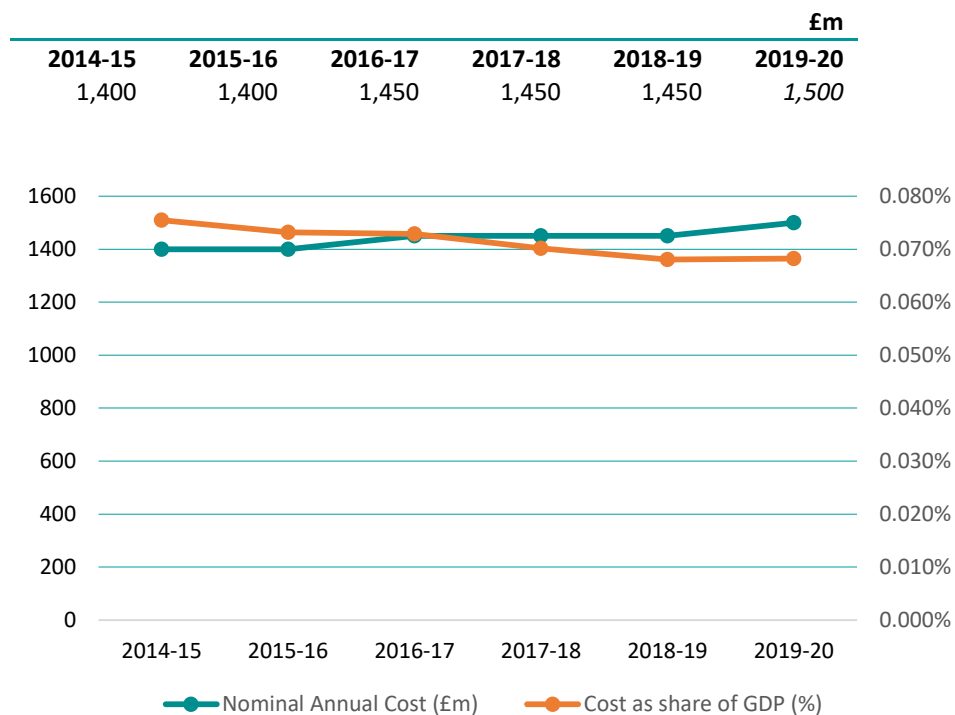
Value added tax

Books, newspapers and magazines

Description:

Zero rates apply to supplies of books, newspapers and other printed material.

Costing (Nominal £m):



Notes:

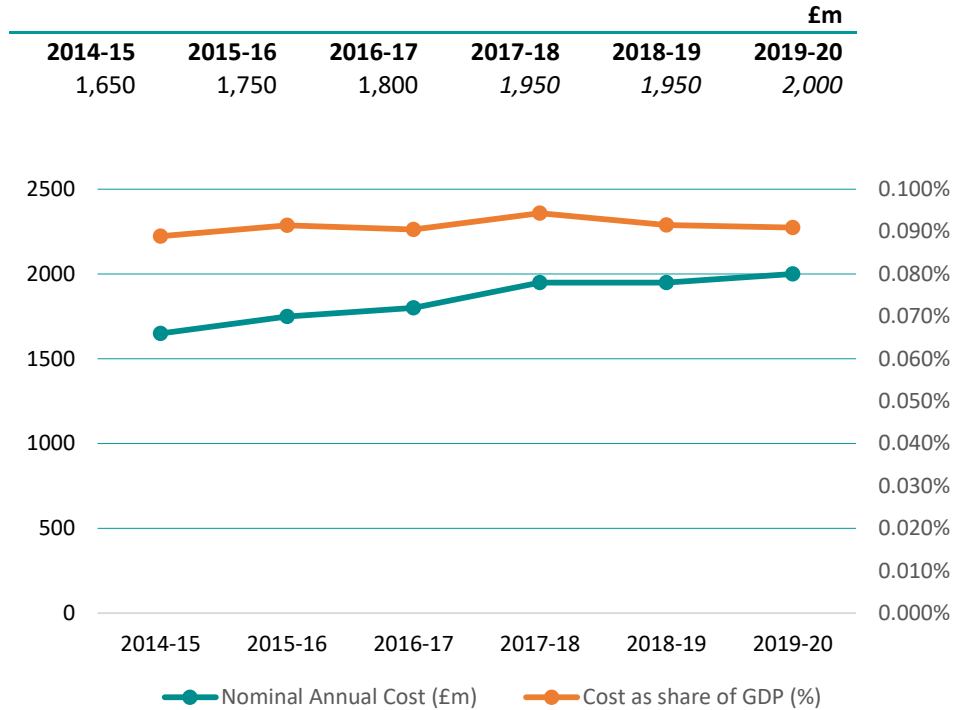
Some of these reliefs are mandatory or permitted under the European Commission 6th VAT Directive and some are derogations from the Directive.

Children's clothing

Description:

Zero rating of children's clothing and footwear and protective boots and helmets (including motorcycle and bicycle helmets).

Costing (Nominal £m):



Notes:

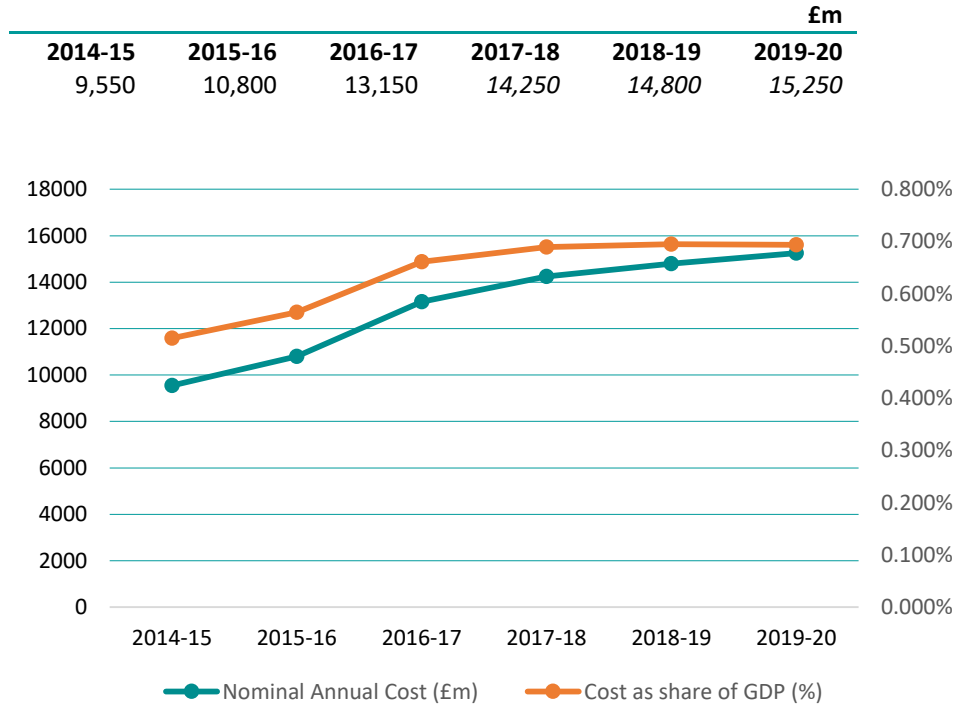
Some of these reliefs are mandatory or permitted under the European Commission 6th VAT Directive and some are derogations from the Directive.

Construction and sale of new dwellings (includes refunds to DIY builders)

Description:

Zero rating of construction and sale of new relevant residential and relevant charitable buildings

Costing (Nominal £m):



Notes:

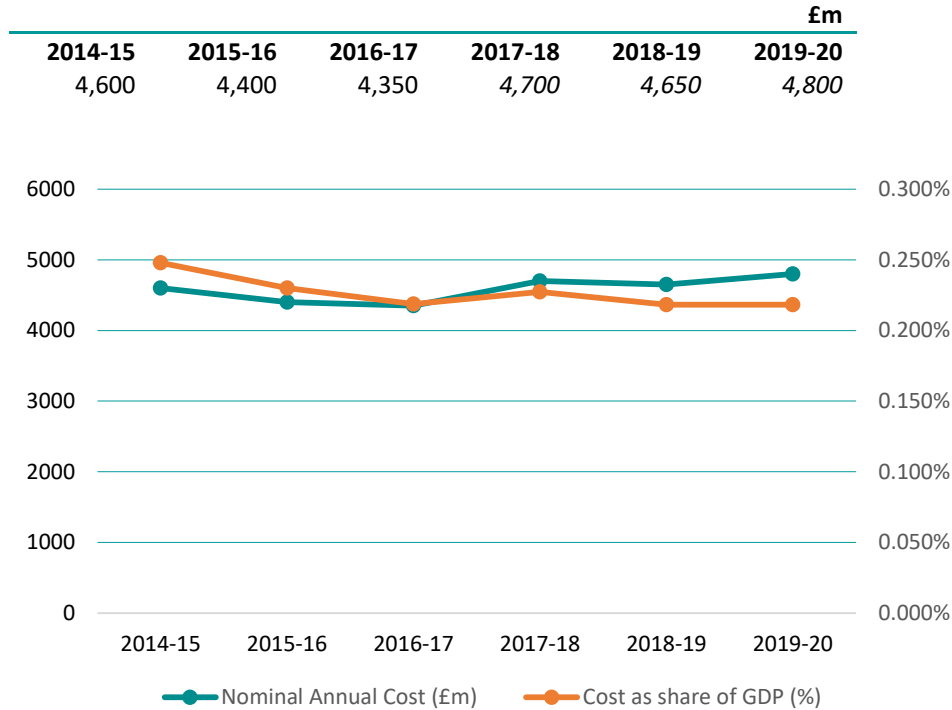
Some of these reliefs are mandatory or permitted under the European Commission 6th VAT Directive and some are derogations from the Directive.

Domestic fuel and power

Description:

Reduced rate of VAT on supplies of domestic fuel and power.

Costing (Nominal £m):



Notes:

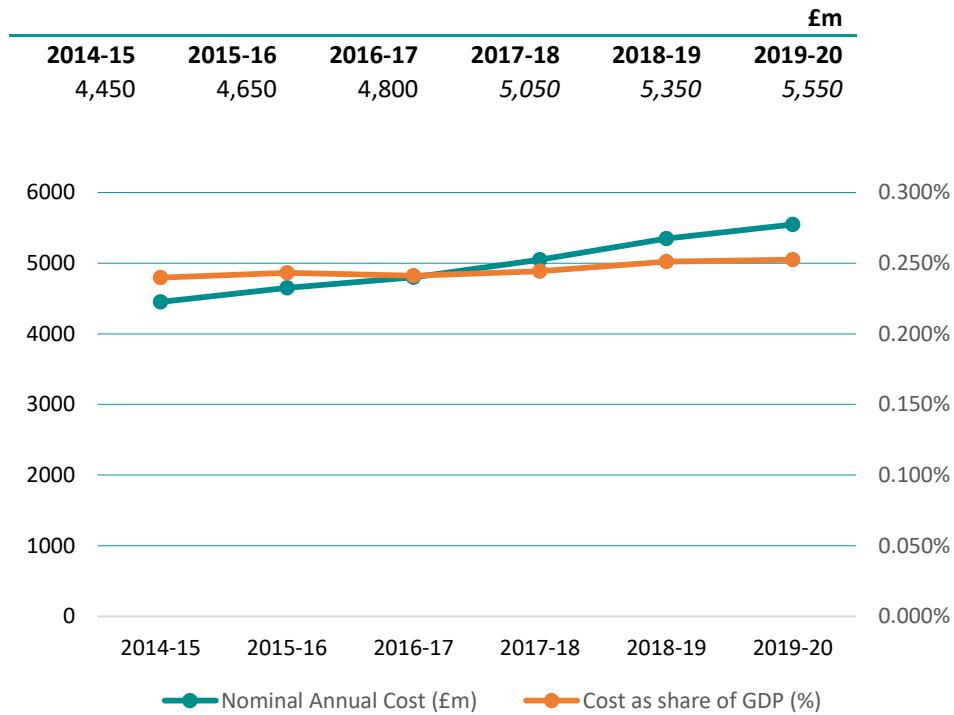
Some of these reliefs are mandatory or permitted under the European Commission 6th VAT Directive and some are derogations from the Directive. The figures for all reduced-rate items are estimates of the cost of the difference between the standard rate of VAT and the reduced rate of 5 per cent. The reduction in the cost of the reduced rate for domestic fuel and power from 2015-16 is the result of reductions in suppliers' prices.

Domestic passenger transport

Description:

Zero rating applies to the transport of passengers where the mode of transport takes more than 10 passengers, by Post Bus or on the UK portion of scheduled flights.

Costing (Nominal £m):



Notes:

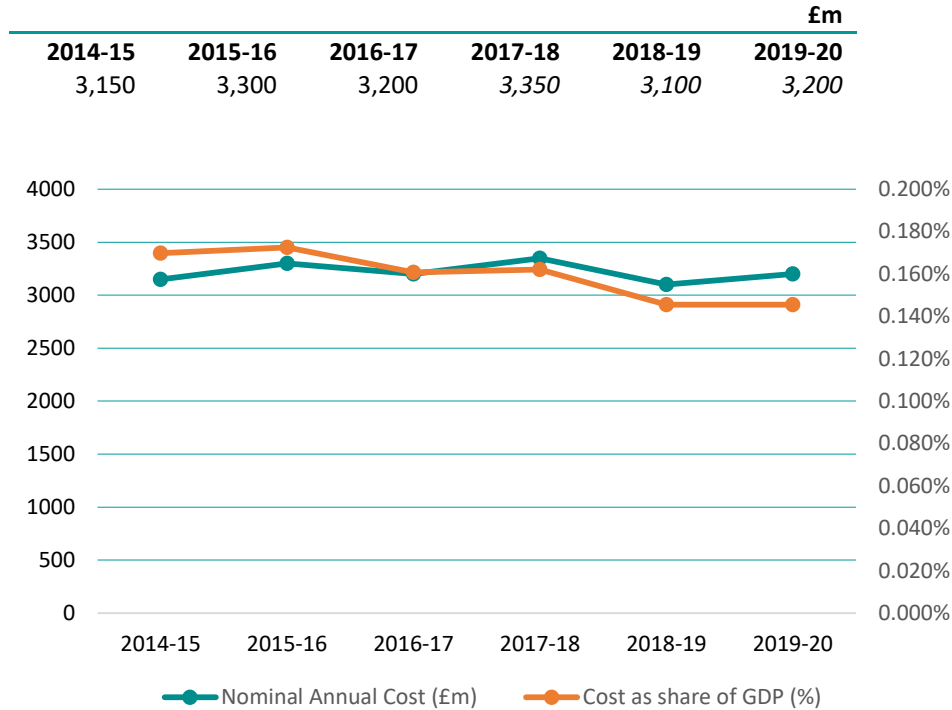
Some of these reliefs are mandatory or permitted under the European Commission 6th VAT Directive and some are derogations from the Directive.

Drugs and supplies on prescription

Description:

Zero rating applies to drugs dispensed by a pharmacist for personal use.

Costing (Nominal £m):



Notes:

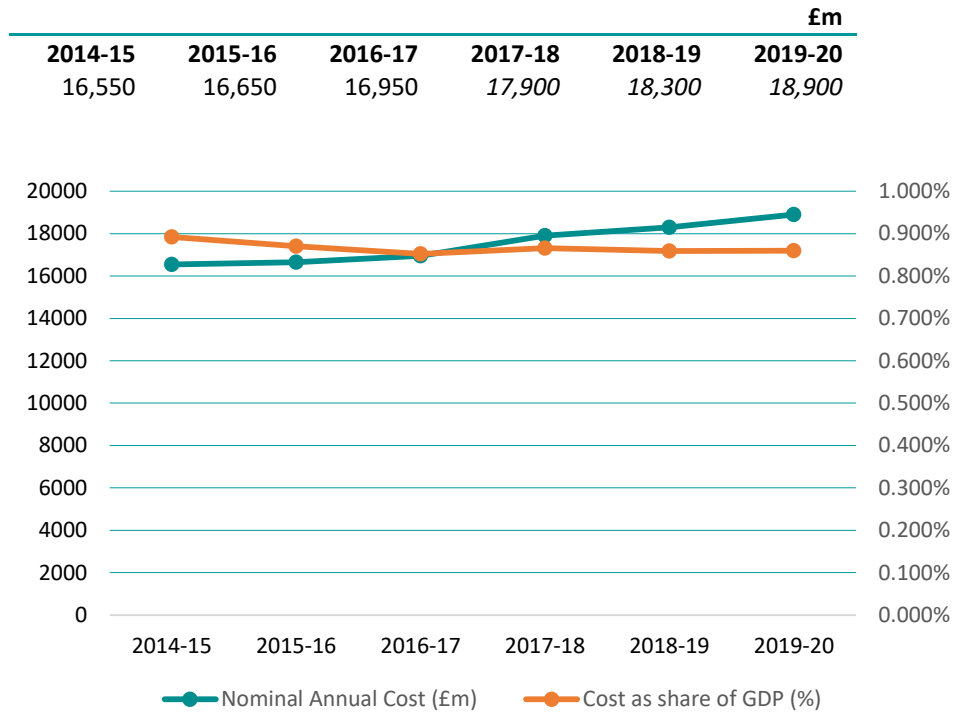
Some of these reliefs are mandatory or permitted under the European Commission 6th VAT Directive and some are derogations from the Directive.

Food

Description:

Zero rating of most unprocessed food and cold food for take-away.

Costing (Nominal £m):



Notes:

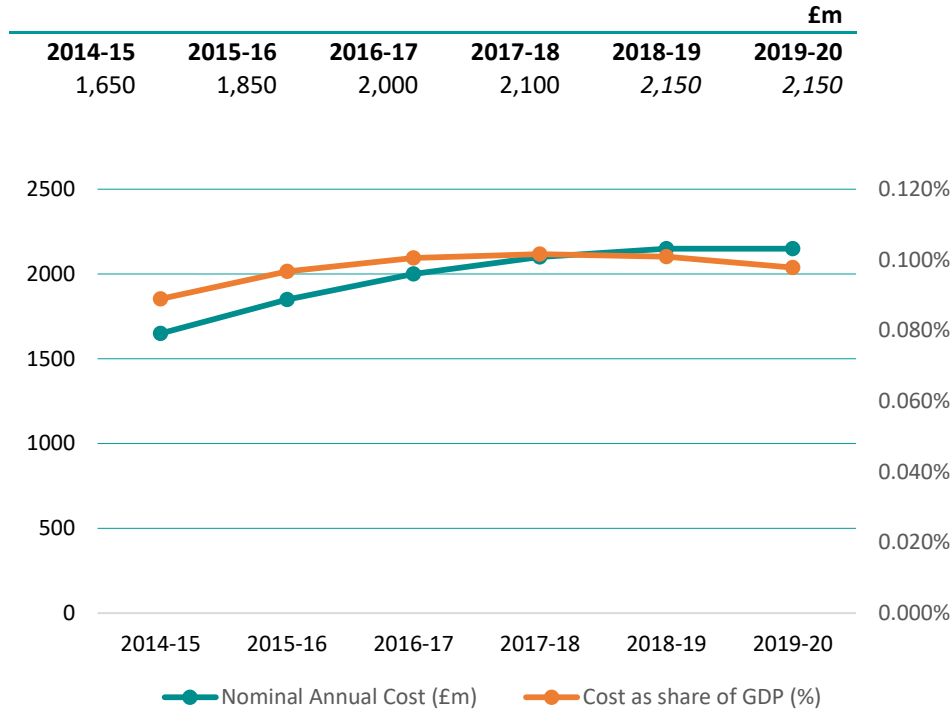
Some of these reliefs are mandatory or permitted under the European Commission 6th VAT Directive and some are derogations from the Directive.

Small traders below the turnover limit for VAT registration

Description:

Exception from compulsory registration for VAT for traders with taxable supplies below the registration threshold.

Costing (Nominal £m):



Notes:

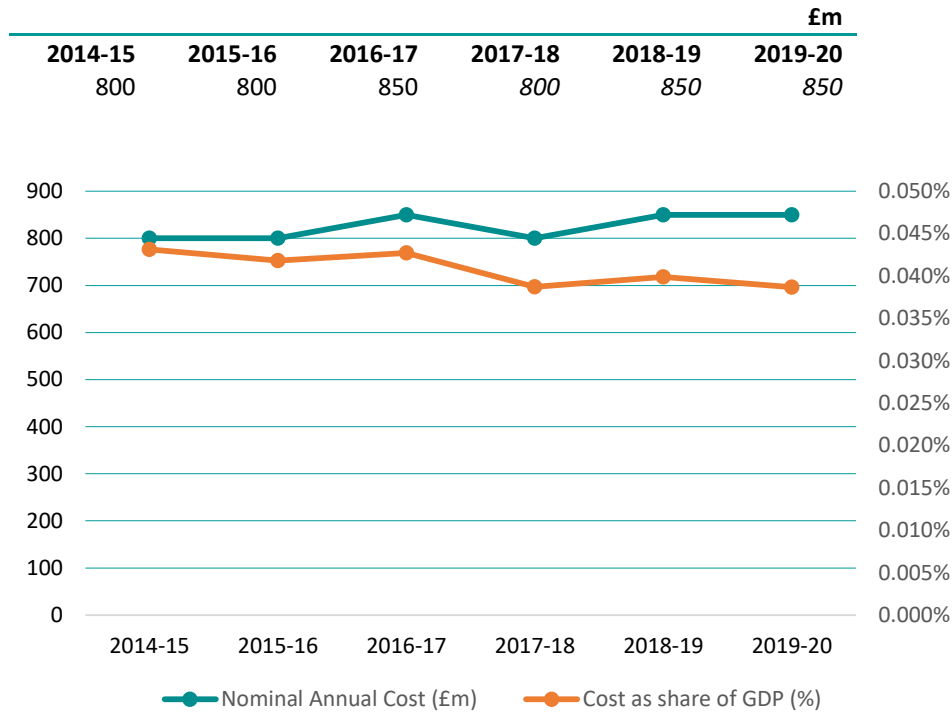
Some of these reliefs are mandatory or permitted under the European Commission 6th VAT Directive and some are derogations from the Directive.

Vehicles supplied to disabled people

Description:

Zero rating of certain aids and qualifying motor vehicles to the disabled.

Costing (Nominal £m):



Notes:

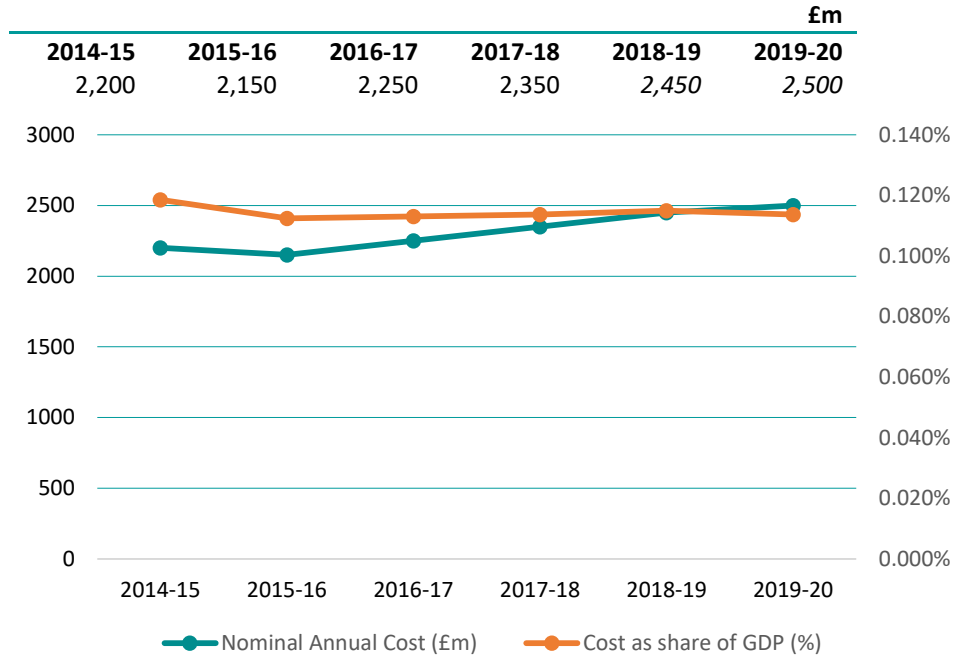
Costs exclude the zero-rating of items covered by other reliefs. This relief was previously shown as 'Vehicles and other supplies to disabled people'. However we have now split the relief as 'Vehicles supplied to disabled people' for which we are able to provide an estimate, and 'Supplies to disabled people other than vehicles' which has been included in the cost unavailable table as we do not sufficient data on which to make an estimate. Some of these reliefs are mandatory or permitted under the European Commission 6th VAT Directive and some are derogations from the Directive.

Water and sewerage services

Description:

Zero rating applies to the supply of sewerage services and water (otherwise than for use in an industrial business activity).

Costing (Nominal £m):



Notes:

Some of these reliefs are mandatory or permitted under the European Commission 6th VAT Directive and some are derogations from the Directive.